

Exhibit B



U.S. Department of Justice

United States Attorney
District of Hawaii

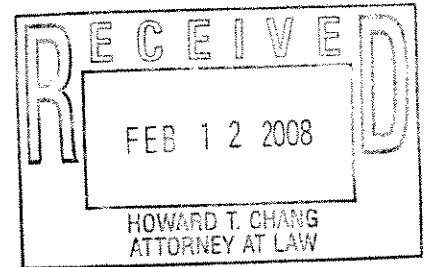
PJJK Federal Building
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February 11, 2008

Howard T. Chang, Esq.
Pauahi Tower, Suite 700
1001 Bishop Street
Honolulu, HI 96813

Re: USA v. Andy S. S. Yip
Cr. No. 02-00225 DAE -01



Dear Mr. Chang:

In response to your letter dated February 7, 2008, the government is providing you with the attached copies of documents along with a summary showing which paragraph in your letter the documents request.

The following is the government's response to those paragraphs which do not request documents:

Paragraph 4: You state the "letter was not introduced as evidence at trial and should not be part of the PreSentence Report."

Government's response: The letter was not introduced during the trial, but its contents were made known to Judge Ezra during a hearing. Because the letter you wrote on behalf of your client includes the \$350,000 Dmitrovsky Loan as a bona fide loan, the government views this as the defendant's obstructive statement (since the loan was false) and the purpose of the letter was to stop the government from proceeding with an indictment.

Paragraph 5: You state that we agreed that the information contained in the Stipulation cannot be used for sentencing purposes.

Government's response: During the trial overwhelming evidence coupled with the stipulation proves Andy Yip

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operated an "off the books" business, from which income was in the form of Japanese Yen. Wilfred Tochiki of Honolulu Foreign Exchange (HFE) testified and Revenue Agent Susan Mitsuyoshi summarized the records reflecting how much Andy Yip received from HFE for Japanese Yen. This was shown in the charts during the trial and copies of these charts concerning the Japanese Yen are again provided to you. The Stipulation was read into the record and provided to the USPO because it was read into the record.

Paragraph 6: Attached to this letter is the Summary of Tax due and owing and the attached Revenue Agent Report (RAR) computing the civil loss plus penalties the Internal Revenue Service suffered due to Yip's failure to report all of his income and failure to pay the taxes due and owing on the unreported income. You state, "Normally, the civil adjustments process takes place after the criminal case is concluded and takes the form of a full scale audit."

Government's response: Because the Internal Revenue Service was a "victim" in this case, the government is allowed to ask that restitution be included as part of the sentence. The inclusion of restitution does not restrict the IRS from taking other civil enforcement actions.

Please call IRS Special Agent Greg Miki at 539-2833, if you have any questions.

Very truly yours,

EDWARD H. KUBO, JR.
United States Attorney
District of Hawaii

By 

LESLIE E. OSBORNE, JR.
Assistant U. S. Attorney

Enclosures